



U.S. Department of Justice

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FOR IMMEDIATE RELEASE

June 30, 2005

**HUSBAND AND WIFE CHARGED WITH BILKING
PELL GRANT PROGRAM – ALLEGED FRAUD YIELDED
\$13 MILLION**

PHILADELPHIA – United States Attorney Patrick L. Meehan, F.B.I. Special Agent-in-Charge Jack Eckenrode, and U.S. Department of Education Inspector General Jack Higgins, today announced the filing of an Indictment¹ charging Alexander Lebed and Larisa Lebed with 26 counts of wire fraud, eight counts of mail fraud, and 95 counts of money laundering. The indictment alleges that the defendants, Alexander Lebed and Larisa Lebed (husband and wife), owned CSC Institute, a school with campuses in Southampton and Philadelphia, PA and Cherry Hill, NJ, that offered vocational training for adult students in business, medical and computer fields, and in English as a second language; that from 1998 to 2005, the defendants engaged in a scheme to defraud the U.S. Department of Education of federal student financial aid, specifically, Pell Grant funds; and that as a result of the defendants' fraud, CSC Institute received approximately \$13 million in Pell Grant funds from the Department of Education, of which the defendants personally received approximately \$4.3 million.

"The Pell Grant program represents a brighter future for thousands of people. It changes lives and provides hope. But to the defendants, that program represented a seemingly endless supply of cash," said Meehan. "They tricked and manipulated a system that was put in place to help people improve their lives through education and, in a sense, took the taxpayers to school."

The indictment alleges that the defendants perpetrated their fraudulent scheme by making misrepresentations to the Department of Education, CSC's accrediting agency, and CSC's independent financial auditor in order to obtain Pell Grants for students who were ineligible for such grants, and in order to retain Pell funds which CSC was required to refund to the Department of Education. Specifically, the indictment includes allegations that:

- The defendants obtained Pell Grants for students whom the defendants knew were ineligible for such grants;
- The defendants obtained Pell Grants by misrepresenting that students were enrolled in Pell-eligible educational programs, although the defendants knew the students were enrolled in programs that were ineligible for Pell Grants;

¹An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

- The defendants created fake student attendance records which falsely reflected that students were present in class, when in fact those students were not enrolled in the class, or had never enrolled in, did not attend, or had dropped out of CSC;
- The defendants created fake tests reflecting that students had completed and passed such tests, when in fact those students were not enrolled in the class, or had never enrolled in, did not attend, or had dropped out of CSC;
- The defendants violated conditions imposed by CSC's accrediting agency, in order to obtain accreditation that would render CSC eligible to receive Pell Grants;
- The defendants falsely represented the point at which students had dropped out of class, in order to retain Pell funds that CSC was required to refund to the Department of Education; and
- The defendants paid recruiting bonuses to CSC employees in violation of Department of Education regulations, and concealed such bonuses from the Department and CSC's auditor by paying bonuses with checks written on the account of an unrelated chiropractic business owned by the defendants.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE OR DATE OF BIRTH
1. Alexander Lebed	102 Providence Drive Richboro, PA	November 5, 1968
2. Larisa Lebed	102 Providence Drive Richboro, PA	July 3, 1971

If convicted, each defendant faces a maximum possible sentence **per count** of 20 years imprisonment, a \$250,000 fine, and three years supervised release.

The case was investigated by the Federal Bureau of Investigation, the United States Department of Education, the Department of Education Office of Inspector General, and has been assigned to Assistant United States Attorneys Judson Aaron and Andrea Foulkes.

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